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TO: State, Defense, Asst. for NSC

FROM: DCI

SUMMARY:

US-Soviet Competition for
influence in the Third World:
How the LDCs play it.

FILED:

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The Director of Central Intelligence

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22 April 1982

MEMORANDUM FOR: Secretary of State
Secretary of Defense
Assistant to the President for
National Security Affairs
Thomas Reed, NSC Staff

1. In connection with the map, entitled Soviet Presence and Influence, 1982, (Tab A) on which I briefed the President yesterday, I had the Directorate of Intelligence prepare thumbnail summaries of the state of play in the countries marked in red as players in the actual and potential extension of Soviet influence shown on the maps. (Tab B)

2. At Tab C is a paper analyzing the threats faced by key strategically situated countries, commenting on the usefulness of US aid to countries facing conventional threats, and suggesting types of assistance to deal with internal threats from subversion, insurgency, and instability.

3. Early next week you will have a study called US-USSR Competition for Third World Influence--How the Game is Played. It reviews the ebb and flow in this sweepstakes over recent years and undertakes to evaluate the pluses and minuses, the assets and liabilities of each side.

4. All this is offered as an intelligence contribution to NSSD 1-82.

WJ Casey
William J. Casey

Attachments:

- A. Map
- B. Soviet Presence and Influence, 1982
- C. US Assistance to Strategically Situated Countries

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Arctic Ocean

Greenland (Den.)

Canada

United States

North Atlantic Ocean

Mexico

Central America

Caribbean Sea

South America

Brazil

Argentina

Chile

Paraguay

Uruguay

South Atlantic Ocean

Europe

North Atlantic Ocean

Strait of Gibraltar

Strait of Hormuz

Strait of Bab el Mandeb

Strait of Malacca

Indian Ocean

Asia

China

Japan

Philippines

Indonesia

Malaysia

Singapore

Thailand

Vietnam

Laos

Myanmar

India

Pakistan

Afghanistan

Iran

Saudi Arabia

U.A.E.

Yemen

Somalia

Ethiopia

Sudan

Chad

Niger

Mali

Senegal

Gambia

Sierra Leone

Liberia

Ivory Coast

Ghana

Togo

Benin

Nigeria

Cameroon

C.A.R.

Uganda

Kenya

Tanzania

Zambia

Angola

Namibia

South Africa

Botswana

Lesotho

Swaziland

Malawi

Mozambique

Madagascar

Mauritius

Reunion

French Polynesia

Western Samoa

Tonga

Fiji

Vanuatu

Solomon Islands

Papua New Guinea

Australia

New Zealand

Arctic Ocean

North Pacific Ocean

South Pacific Ocean

Legend:

- Solid line: Soviet domination
- Dashed line: Soviet supported aggressor/proxy
- Thin solid line: Soviet presence and/or influence
- Thin dashed line: Threatened by insurgency backed by Soviets or proxy
- Thin dotted line: Highly unstable and vulnerable to Soviet influence
- Thin dash-dot line: Treaty of Friendship and Cooperation with Soviets
- Circle with dot: Critical choke point

Abbreviations:

- C.A.R. - Central African Republic
- F.R.G. - Federal Republic of Germany
- G.D.R. - German Democratic Republic
- U.A.E. - United Arab Emirates

The United States Government has not recognized the incorporation of East, Latin, and Cuba into the Soviet Union. Secretary of Defense is not necessarily authorized.

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US ASSISTANCE TO STRATEGICALLY SITUATED COUNTRIES

Introduction

US military and economic assistance to countries in strategic regions serves several purposes: to maintain their friendship, to strengthen local defenses against external threats, to deny them reasons for turning to hostile alternative sources of aid, and to help their governments remain strong enough to maintain control over internal political, economic, or social forces. In most cases, US assistance serves some of these purposes better than others. [REDACTED]

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US versus Soviet Aid

The US and the USSR seldom compete directly by providing assistance simultaneously to the same country, but they frequently support opposite sides in regional conflicts or attempt to persuade nations to switch donors. Major exceptions are North Yemen, where both provide military assistance, and Egypt, where the USSR still gives some technical and economic aid. Both superpowers also gave aid to Iran before the fall of the Shah. Iran and Iraq now have military supply relations with both the West and the Soviets. [REDACTED]

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The major Soviet asset in giving aid is Moscow's ability to work rapidly, with a minimum of red tape, for longterm objectives. Moscow's major disadvantages are the comparative inferiority of Soviet military follow-on support and its limited ability to provide economic assistance. Moreover, Soviet aid is usually given only to central governments and subversive groups. In contrast, the US has a wider variety of material and human resources available and can assist a broader range of public, semipublic, and private sector recipients in target countries. [REDACTED]

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This paper analyzes the threats faced by key strategically situated countries, briefly comments on the usefulness of US aid to countries facing conventional threats, and suggests types of assistance to deal with internal threats from subversion, insurgency, and instability. For the purposes of this study, key strategic regions are those which the US or the USSR (or both)

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view as crucial to their national interests because nations within these regions possess valuable and scarce minerals such as oil or control essential access routes. In some cases these countries could provide military facilities which the US or USSR believe they need. [REDACTED]

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Threats to Strategically Placed Countries

Strategic Access through Gibraltar, the Dardanelles, and the Suez Canal

Within the Mediterranean basin, Turkey and Spain--present and future NATO allies--are both threatened primarily by political instability. Turkey's viability as a NATO member continues to be tested by serious societal problems. The military regime in Ankara has worked to revitalize a bankrupt economy--largely with OECD consortium aid--and to clamp down on rampant terrorism, but underlying problems of high unemployment, rapid urbanization, and overpopulation persist. In Spain, regional and class divisions continue to generate violent forms of dissent--particularly Basque terrorism--despite impressive economic growth and efforts to mold a common Spanish culture. The very newness of Spanish democratic institutions makes it doubly difficult for any government to overcome profound societal cleavages. [REDACTED]

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Impending entry into NATO has significantly increased Spanish fear of involvement in a nuclear war. Ankara, in contrast, is more concerned with a conventional military threat from the Warsaw Pact. Despite a standing army of nearly a half-million men, an obsolescent weapons inventory makes Turkey ill-equipped to defend the Bosphorus, the Dardanelles, or the 300 mile border with the USSR and Bulgaria. It might even have trouble coping with Greece, its Arab neighbors, or domestic insurgents. [REDACTED]

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Pro-western Morocco confronts several potentially destabilizing problems: the six year-old Saharan war is a costly drain on an already burdened economy; a militarily more powerful neighbor, Algeria, supports the Polisario front; and domestically, Islamic fundamentalists could threaten the King by joining forces with the firmly entrenched socialist opposition, especially if economic problems worsen. [REDACTED]

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Tunisia must cope with ongoing efforts by Libya to subvert the moderate Bourguiba regime. High unemployment, limited opportunities for educated youth, stagnating agricultural production, and the subsidies and wage increases demanded by a well-organized labor movement threaten internal stability. The ability to fund social programs will be further cut as Tunisia becomes an oil importer. [REDACTED]

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The most serious potential threats to the Egyptian government are internal: income disparities, housing shortages, deteriorating public services, unemployment, and rapid population growth. Young people--half the population--are particularly hard hit and susceptible to the blandishments of both Islamic and leftist extremists. Egyptian leaders are also concerned about the military threats posed by Libya and Israel. [REDACTED]

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Security of Other Major Shipping Lanes

The Straits of Malacca

Security pressures on the governments in Thailand and Malaysia are generated by conventional threats from the Vietnamese presence in Kampuchea. Malaysia's nagging Communist insurgency presents little domestic threat to public order, but serious concern is generated by the volatile racial mix in Malaysia--44 percent Malay, 36 percent Chinese, 10 percent Indian, and 10 percent indigenous tribes. An important goal of the government is maintenance of racial peace. Indonesia contends with endemic domestic violence due to racial hostility and growing economic dissatisfaction of the masses. The Philippines face two serious domestic insurgencies: a decade long Muslim rebellion in the south and a broader based rebellion led by the armed wing of the Communist Party of the Philippines. [REDACTED]

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The Panama Canal

Panama's economic problems are generally less severe than those elsewhere in the Caribbean Basin, but the country has begun to feel the effects of political turmoil and economic decline afflicting the rest of Central America. Other societal problems include: disparities between extremely poor rural areas and highly commercialized Panama City, an unemployment rate of 15 percent or higher, and a steadily increasing current account deficit. Panama faces relatively little short-term vulnerability from Cuba. Castro, however, has co-opted or bribed key Panamanian officials to aid Cuban-backed subversion in countries such as Colombia. Moreover, a number of foreign radicals reside in Panama who could be used for subversive purposes against local targets, if Havana were to decide on such a course. [REDACTED]

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Strategic Access to Persian Gulf Oil

The Arabian Peninsula is rife with regional rivalries. North Yemen is trying to cope with an insurgency sponsored by Soviet-backed South Yemen, which also poses a conventional threat. Oman's foreign policy reflects its fears of subversion and military aggression by South Yemen or the Soviet Union.

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Meanwhile, Saudi Arabia, Bahrain, and the United Arab Emirates all fear subversion and the possibility of conventional attack by Iran. Kuwait has similar concerns regarding Iran and also has lingering fears of Iraq from past border disputes. []

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Iran and Iraq both face internal subversive threats from several factions, in addition to the immediate conventional challenges of border war. Iran is also wary of the Soviet Union and its increased military presence in Afghanistan. []

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Pakistan is burdened with severe political, social, economic and security problems. It faces major security threats from its traditional enemy, India, and from the Soviets in neighboring Afghanistan. Islamabad fears that India and the Soviets will act together to put military pressure on Pakistan or that one or the other will exploit domestic tensions resulting from minority separatism and domestic political opposition to the military regime of President Zia ul-Haq. []

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Strategic Access to Minerals and Bases in Africa

Somalia, an important US supporter on the Gulf of Aden, is challenged by an Ethiopian and Libyan-sponsored guerrilla threat as well as by mounting tribal unrest. A coup staged by disaffected military officers who see pro-western President Siad as a major source of the country's economic, military and tribal problems is also possible. []

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Despite some improvement in relations between Somalia and Kenya, Nairobi is suspicious that Mogadishu still has irredentist designs on Kenya's Somali-inhabited northeastern province. In particular, Nairobi fears that US military aid could strengthen Somalia sufficiently to threaten Kenya's control of that province. []

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Sudan faces serious economic problems. Limited foreign exchange reserves, a massive foreign debt, and a poor credit rating are pressing concerns, as is the possibility of public riots over commodity shortages. Libya is attempting to exploit widespread Sudanese discontent through cross border terrorist and sabotage operations.

A siege mentality prevails in economically troubled Zambia where President Kaunda sees threats from several domestic forces. Zimbabwean leader Mugabe fears both hostile moves by renegade whites and tribally-related armed clashes between rival ex-guerrilla forces. Both Kaunda and Mugabe believe that their domestic opponents are abetted by South Africa. []

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Zairian President Mobutu's regime is unpopular and could face major challenges from disgruntled civilians, military

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personnel, or regional dissidents, especially if the steadily deteriorating economy worsens significantly in the next several months. Mobutu's ill-equipped and poorly-disciplined armed forces probably could not suppress an outbreak of unrest in copper-rich Shaba or elsewhere before it would paralyze the country and menace his regime. [REDACTED]

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The Value of Foreign Assistance

Globally, the US has provided about \$94 billion of military and economic assistance to 120 countries in the 1977-81 period, including \$41.5 billion of aid to the strategically situated countries listed in this paper. In that same period, the USSR provided approximately \$57 billion of military and economic assistance to 57 developing countries, all of which it considered to be strategically located. A large portion of the US aid to strategically situated countries has been oriented toward bolstering their defenses against conventional military threats, an appropriate objective considering how many of them fear aggression from neighbors. Conventional military assistance also helps to keep military forces content and politically reliable. This aid, however, has not been particularly effective in enabling governments to cope with insurgencies, subversion, and threats to government stability deriving from economic deterioration, ethnic unrest, and domestic political violence.

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Possible Nontraditional US Assistance

Most of the countries mentioned in this paper would welcome and probably benefit from additional US conventional military assistance, given their pressing needs to increase their perceived security against regional competitors, assure the loyalty of their militaries, and demonstrate at least implied security ties with the US. [REDACTED]

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Neither conventional military nor economic aid is of much value in combatting the major internal threats these countries face, however. In most instances, coping with these threats requires a combination of societal reforms and moves to strengthen the government's ability to rule. Nontraditional forms of US assistance could be especially useful in working toward the latter objective. [REDACTED]

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Most central governments in the developing world are, for example, ill-equipped to deal effectively with modern forms of domestic political violence or with foreign-backed subversion. This suggests that major benefits could be obtained through a concerted effort to improve their police, intelligence, and protective services in a number of ways:

- Stepping up VIP protection training for important leaders (Most Middle Eastern and African countries),
- Providing such special intelligence collection capabilities as communications intercept and overhead reconnaissance and photo interpretation capabilities for those countries fighting or fearing active insurgencies (Pakistan, Philippines, Zimbabwe, Panama),
- Providing more US-based counterinsurgency training for government troops,
- Assisting in improving operational coordination and information-sharing among often fragmented intelligence and police services, and
- Putting US diplomatic pressure on neighboring countries to curtail the use of their territory for terrorist or insurgent safehaven (Basque ETA use of southern France). [REDACTED]

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Additional amounts and kinds of US assistance could strengthen the ability of central governments to bring more of their national territory under more effective control through improved administrative services, especially in multiethnic or tribal societies. This might include:

- Expansion of leader grants and other training opportunities for local administrators and civilian/military leaders.
- Assistance in developing health and other human services in more remote areas to attract support for the central government.
- Training in public relations and opinion sampling techniques to help governments accurately ascertain public attitudes and to inculcate favorable ones. [REDACTED]

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One of the most effective forms of economic assistance to strategically located countries is that which would help them develop new exports or make their existing exports more competitive in the world market. In addition to various kinds of new investment, increasing the transfer of technical knowledge (production techniques, foreign marketing strategies) from the US private sector would be perceived as a significant commitment to

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these countries' well-being and security. This could take many forms, including:

- Bilateral training programs offered by US industries to counterparts in these countries (the phosphate extraction and marketing industry in Morocco).
- Underwriting surveys to help them decide where their competitive advantage would lie in developing new exports.
- A willingness by the US to open further our markets to their products and to pressure other developed countries to do likewise. []

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Most of the forms of military, police, intelligence, administrative, and economic assistance listed above are not exceptionally expensive, but they all have other kinds of costs. Enabling governments to improve their social control capabilities, for example, would inevitably create accusations of US association with human rights violations. Moreover, strengthened local security and intelligence forces would, at some point, probably use their new capabilities against US targets in their countries. Finally, efforts to expand foreign exports have the potential to cut into US exports and even into domestic sales by American industry. Nonetheless, the potential overall gain for US security interests in these strategically situated countries may make these costs acceptable. []

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US: Military Aid to Strategically
Situated LDCs*

Million US \$

Recipient	Total Military Aid			Grants		
	1977-80	1981	1977-81	1977-80	1981	1977-81
Grand Total	52,586	10,641	63,227	977	305	1,282
Total to Strategically Situated LDCs	29,110	2,350	31,460	234	32	266
Spain	1,117	197	1,314	80	4	84
Turkey	546	..	546	10	1	11
Morocco	383	51	434	..	..	..
Tunisia	108	22	130	Negl	Negl	Negl
Egypt	3,013	555	3,568	..	..	..
Thailand	932	172	1,104	36	Negl	36
Malaysia	215	67	282	..	..	..
Indonesia	220	52	272	32	Negl	32
Philippines	238	32	270	76	25	101
Panama	35	1	36	Negl	Negl	Negl
Oman	6	51	57	..	..	..
North Yemen	177	18	195	..	..	..
Saudi Arabia	17,299	870	18,169	..	..	..
Bahrain	8	1	9	..	..	..
UAE	32	23	55	..	..	..
Iran	4,098	..	4,098	..	..	..
Kuwait	26	47	73	..	..	..
Iraq	Negl	..	Negl	..	..	..
Pakistan	254	73	327	..	..	..
Somalia	..	41	41	..	..	..
Kenya	57	25	82	..	..	..
Sudan	297	45	342	..	2	2
Zambia	1	Negl	1	..	..	..
Zimbabwe	Negl	Negl	Negl	..	..	..
Zaire	48	7	55	..	..	..

*Strategic countries being considered in this paper that have not received aid from the US are not included in this table.

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US: Economic Aid to Strategically
Situated LDCs*

Million US \$

Recipient	Total Economic Aid			Grants		
	1977-80	1981 ^a	1977-81	1977-80	1981 ^b	1977-81
Grand Total	<u>26,255</u>	<u>4,735</u>	<u>30,990</u>	<u>17,595</u>	<u>695</u>	<u>18,290</u>
Total to Strategically Situated LDCs	<u>8,132</u>	<u>2,361</u>	<u>10,493</u>	<u>2,512</u>	<u>189</u>	<u>2,701</u>
North Africa	<u>307</u>	<u>115</u>	<u>422</u>	<u>145</u>	<u>24</u>	<u>169</u>
Morocco	<u>160</u>	<u>65</u>	<u>225</u>	<u>85</u>	<u>19</u>	<u>104</u>
Tunisia	<u>147</u>	<u>50</u>	<u>197</u>	<u>60</u>	<u>5</u>	<u>65</u>
Sub-Saharan Africa	<u>845</u>	<u>303</u>	<u>1,148</u>	<u>343</u>	<u>53</u>	<u>396</u>
Kenya	<u>152</u>	<u>50</u>	<u>202</u>	<u>80</u>	<u>10</u>	<u>90</u>
Somalia	<u>115</u>	<u>57</u>	<u>172</u>	<u>81</u>	<u>30</u>	<u>111</u>
Sudan	<u>163</u>	<u>109</u>	<u>272</u>	<u>102</u>	<u>5</u>	<u>107</u>
Zaire	<u>223</u>	<u>30</u>	<u>253</u>	<u>40</u>	<u>8</u>	<u>48</u>
Zambia	<u>169</u>	<u>33</u>	<u>202</u>	<u>17</u>	<u>..</u>	<u>17</u>
Zimbabwe	<u>23</u>	<u>24</u>	<u>47</u>	<u>23</u>	<u>..</u>	<u>23</u>
Europe	<u>697</u>	<u>276</u>	<u>973</u>	<u>107</u>	<u>1</u>	<u>108</u>
Spain	<u>392</u>	<u>75</u>	<u>467</u>	<u>31</u>	<u>..</u>	<u>31</u>
Turkey	<u>305</u>	<u>201</u>	<u>506</u>	<u>76</u>	<u>1</u>	<u>77</u>
East Asia	<u>1,528</u>	<u>402</u>	<u>1,930</u>	<u>351</u>	<u>51</u>	<u>402</u>
Indonesia	<u>842</u>	<u>225</u>	<u>1,067</u>	<u>120</u>	<u>16</u>	<u>136</u>
Malaysia	<u>7</u>	<u>2</u>	<u>9</u>	<u>10</u>	<u>2</u>	<u>12</u>
Philippines	<u>455</u>	<u>120</u>	<u>575</u>	<u>164</u>	<u>29</u>	<u>193</u>
Thailand	<u>224</u>	<u>55</u>	<u>279</u>	<u>57</u>	<u>4</u>	<u>61</u>
Latin America	<u>66</u>	<u>10</u>	<u>76</u>	<u>15</u>	<u>2</u>	<u>17</u>
Panama	<u>66</u>	<u>10</u>	<u>76</u>	<u>15</u>	<u>2</u>	<u>17</u>
Middle East	<u>4,299</u>	<u>1,176</u>	<u>5,475</u>	<u>1,528</u>	<u>29</u>	<u>1,557</u>
Egypt	<u>4,208</u>	<u>1,145</u>	<u>5,353</u>	<u>1,465</u>	<u>29</u>	<u>1,494</u>
Iran	<u>18</u>	<u>..</u>	<u>18</u>	<u>..</u>	<u>..</u>	<u>..</u>
North Yemen	<u>57</u>	<u>21</u>	<u>78</u>	<u>56</u>	<u>..</u>	<u>56</u>
Oman	<u>6</u>	<u>Negl</u>	<u>6</u>	<u>..</u>	<u>..</u>	<u>..</u>
Saudi Arabia	<u>10</u>	<u>10</u>	<u>20</u>	<u>7</u>	<u>..</u>	<u>7</u>

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USSR: Military Aid to Strategically
Situated LDCs*

	Million US \$					
	<u>Total</u> <u>1977-81</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Grand Total	<u>42,825</u>	<u>9,554</u>	<u>2,425</u>	<u>8,924</u>	<u>15,848</u>	<u>6,074</u>
Total to Strategically Situated LDCs	<u>17,016</u>	<u>2,808</u>	<u>1,387</u>	<u>5,711</u>	<u>4,583</u>	<u>2,527</u>
Afghanistan	2,632	19	206	508	1,669	230
Egypt	33	..	13	7	13	..
Ethiopia	3,676	1,100	750	..	126	1,700
India	3,394	649	95	243	2,107	300
Iran	698	474	..	..	..	224
Iraq	2,561	154	41	2,297	11	58
Kampuchea	25	..	..	10	15	NA
Kuwait	51	51	..	..	..	..
Morocco	NA	..	NA	..	..	..
North Yemen	783	1	13	767	2	..
Pakistan	20	1	19	..	..	..
South Yemen	874	100	250	514	10	..
Spain	28	..	..	28	..	..
Sudan	4	4	..	..	..	..
Vietnam	2,005	225	..	1,145	620	15
Zambia	232	30	..	192	10	..

*Strategic countries being considered in this paper that have not received aid from the USSR are not included in this table.

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Situated LDCs*

Recipient	Total Economic Aid			Grants		
	1977-80	1981 ^a	1977-81	1977-80	1981 ^b	1977-81
South Asia	390	79	469	23	29	52
Pakistan	390	79	469	23	29	52

^aData for 1981 are estimated.

^bMinimum estimate. Includes only grant food aid and Peace Corps.

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USSR: Economic Aid to Strategically
Situated LDCs*

	Million US \$					
	<u>Total</u> <u>1977-81</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Grand Total	<u>14,447</u>	<u>774</u>	<u>3,722</u>	<u>5,122</u>	<u>3,306</u>	<u>1,523</u>
Total to Strategically Situated LDCs	<u>12,154</u>	<u>710</u>	<u>3,696</u>	<u>3,904</u>	<u>2,619</u>	<u>1,225</u>
Afghanistan	858	..	1	435	395	27
Ethiopia	372	25	2	94	189	62
India	1,140	340	..	..	800	..
Kampuchea	495	NA	150	130	130	85
Morocco	2,000	..	2,000	..	..	..
North Yemen	93	..	38	..	..	55
Pakistan	225	..	225	..	..	..
South Yemen	90	..	90	..	..	..
Turkey	2,220	..	620	1,600	..	..
Vietnam	4,655	345	570	1,645	1,105	990
Zambia	6	..	..	..	..	6

*Strategic countries being considered in this paper that have not received aid from the USSR are not included in this table.

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